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TO: The Board of Oil, Gas, and Mining  
FROM: James W. Smith, Jr. *JWS*  
SUBJECT: Surety Estimate for Utah International, Cedar City Operation,  
Iron County, Utah ACT/021/001  
DATE: September 25, 1978

A reclamation surety has been estimated by the Division of Oil, Gas, and Mining for Utah International's Cedar City Operations for the amount of \$974,312.00.

Due to the size and complexity of the operation the surety was determined on an overall dollar cost per acre. A letter dated June 2, 1978 from Mr. Dennis Stansbury of Utah International presented an estimated reclamation cost of \$300.00 per acre. A review of Rehabilitation Potential of Western Coal Lands<sup>1</sup> indicated an estimated direct on-site cost ranging from \$925.00 to \$2750.00 per acre. Reclamation practices appeared to be comparable to Utah International's operation. The lower figure was chosen and inflated from the published 1974 value to a 1978 value using a 5% <sup>40SP</sup> inflation factor of 1.2155, resulting in a cost of \$1125.00 per acre. Using the total disturbed acreage figure of 786 acres from the Mining and Reclamation Plan and an Addendum to the Plan dated July 11, 1978, a subtotal resulted in the

amount of \$883,729.00. The expected life of the operation was estimated to be two years, therefore a 5% inflation factor of 1.1025 was used to bring the total estimated cost of reclamation to \$974,312.

The Division would like the Board's approval for the amount of surety and the form of surety selected by Utah International, a Mined Lands Reclamation Contract.

1 National Academy of Sciences, 1974. "Rehabilitation Potential of Western Coal Lands," A report to the energy policy project of the Ford Foundation, (Cambridge, Mass.: Ballinger Pub. Co.), pg. 88.

JWS/sp